

The Corporation of the City of Windsor Managing Transition of Projects into Operations

*FINAL Internal
Audit Report*

Aug 30, 2018

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Internal audit context

Background information

Managing Transition of Projects into Operations (“MTPO”) is part of the risk-based 2017-2018 City of Windsor Internal Audit Risk Assessment and Plan approved by the Executive Committee of Council on May 29, 2017. The process areas and controls are associated with mitigating and managing the corporate risks documented below:

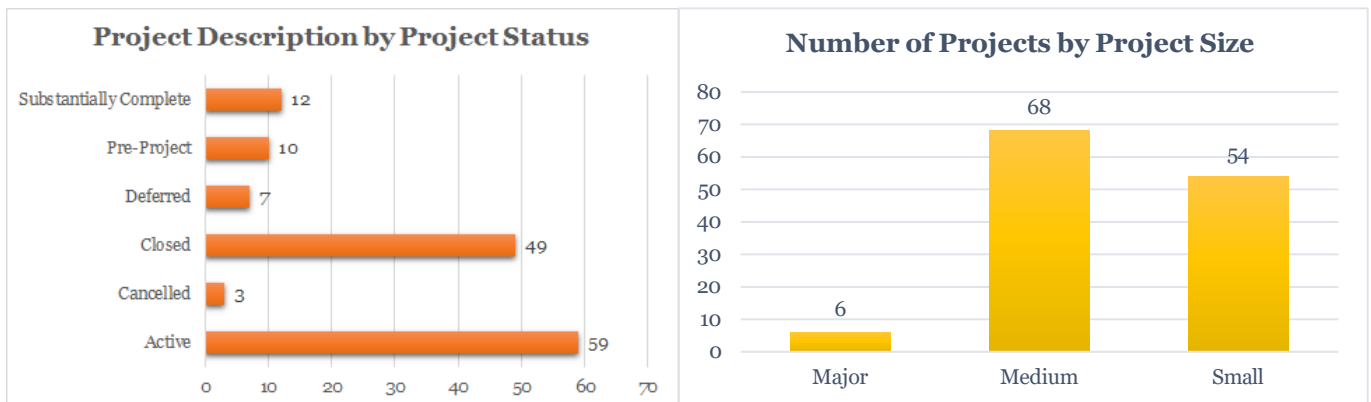
- Legislative & Regulatory;
- Budget Breach; and
- Funding.

A Project Management Methodology policy (PMMP) exists which provides general guidelines on project identification, project categorization and project rating considering various elements. The Chief Administrative Officer (CAO) is responsible for the implementation of the policy and this policy was last reviewed and approved on October 6, 2017.

A Corporate Initiative Division (CID) is responsible to make any suggested revisions required to update the PMMP. This division also provides training to Project Managers on the PMMP and its implementation. In addition, a Corporate Project Management Website exists which provides support to Project Managers in terms of various tools and templates that can be leveraged for project planning and implementation purposes.

The following charts represent various projects run by the City and are depicted by its Project Status and Project Size for the years from 2015 to 2017. These charts present the information provided by management as of January 2018.

We selected four key projects/initiatives that have been completed in the last 2-3 years to validate that a common methodology for advising sustained success and organizational readiness is applied.



Project Categorization depicted above in the charts i.e. Major, Medium and Small is defined on page 6 in the Report Classification Section under the sub title “Risk Assessment”.

Scope

The scope of this internal audit was to assess the design and operation of management's controls to achieve the Internal Audit Objectives (described below) as related to the following domains:

1. Methodology/governance;
2. Affecting transition; and
3. Managing and Monitoring transition.

We sampled four projects/initiatives within the last 2-3 years to validate that a common methodology for sustained success and organizational readiness has been applied. Criteria used to select the sample of projects included variables such as size, nature, departments impacted, status of readiness, etc. The selection of projects was designed to guide Internal Audit (IA) in evaluating whether policies/procedures and protocols are sufficient to address projects of different scale, size and complexity, and the degree of consistency in applying project methodologies. Emphasis was not on individual projects sampled but on what the sample indicated across the population of projects.

As such, our findings and recommendations should be considered and acted upon and an enterprise project governance level, not at the functional/project level.

Internal audit objectives

In conducting this internal audit, we considered the process and control mechanisms management has in effect to achieve the following control objectives:

1	Methodology/Governance
1.1	<i>Policies & procedures:</i> Policies, procedures, methodologies and governance structures are in place in order to manage change and transition projects from development/build/delivery into steady state operations. These policies, procedures and methodologies are reviewed and updated periodically.
1.2	<i>Adherence to methodology:</i> Projects are managed and delivered based on the change management and transition requirements.
2	Affecting transition
2.1	<i>Future state requirements:</i> Management has established a future state and identified the Key Success Indicators. A defined transition plan has been developed, which identifies what needs to change/happen to transition the project into sustainable operations. Management has a clear understanding of what is needed to enable and sustain the new processes/function/asset.
2.2	<i>Impact assessment & management:</i> Each project has an impact assessment, which is accurate, complete, timely and relevant. Processes and strategies for managing or mitigating the risk of areas of high impact are developed, applied and appropriately approved. Measures are in place to monitor the success of project transition and identify unanticipated maintenance needs, or plan adjustments needed to sustain implementation.
2.3	<i>Resource requirements & constraints:</i> As part of managing transition to operations, management acquires the needed resources, develops any new operating models or processes and prepares the infrastructure to operate the future operational activity. Constraints are identified and mitigating actions are prepared and implemented.
2.4	<i>Transition plan:</i> A transition plan is developed and documented, which identifies what needs to change/happen to transition the project into sustainable operations considering the future state requirements, resource requirements, constraints and resolution plans.

2	Affecting transition, continued
2.5	<i>Execution:</i> The transition plan is executed to migrate the project outcomes from a project deliverable to a sustainable component of business operations with sufficient and timely support.
3	Managing and monitoring transition
3.1	<i>Transition to operations:</i> Ensure that project management elements are phased out and operational processes are stabilized with timely support provided. In addition, assessment of operational implementation and attainment of success factors is carried out at key times.
3.2	<i>Transformation readiness monitoring/reporting:</i> Reporting on the transition progress, expected results and overall readiness of organizational transformation change is performed on timely/frequent basis.

Specific scope exclusions

Consistent with commonly accepted practices, our work will be dependent on the following management activities, which are excluded from the scope of this review:

- The design, implementation and operation of the Information and Technology (IT) environment and IT general controls, end user computing controls, IT application controls, data integrity of reports used in IT dependent manual controls;
- Technological Readiness – This review will not consider aspects of technological readiness or reliance on external vendors or third party controls; and
- Construction/Major Asset projects, including but not limited to vendor selection, contract management and infrastructure building/management, as risks pertaining to these processes have been covered off by recent internal audit projects.

Scope limitations

Timeliness of pre - and post - implementation/adoption feedback from impacted stakeholder groups and the actions taken as feedback obtained in an ad-hoc manner and informally documented. Internal Audit was not able to assess the timeliness of feedback received and the actions taken thereafter in relation to the period in which projects were transitioned to operations.

Summary of internal audit results

Report classification

In the course of the internal audit, specific controls were identified that address some control objectives listed above; however, there are identified processes and controls, which need formalization and additional monitoring.

In reading this summary, it is important to note that our assessment is based on the enterprise governance and approach to managing the diverse portfolio of projects. As such, the attainment of the design objectives was assessed at an enterprise level. Alternative project specific controls may have been in operation to partially compensate for some of the design gaps.

Control environment

Projects are assigned to the Project Managers by the Project Sponsor who is an Executive Committee or Corporate Leadership Team (CLT) member. The Project Management Methodology policy (PMMP) provides general guidelines on how to approach subjects such as project identification, project categorization and project rating classification, etc. The Corporate Initiative Division (CID) provides training on the PMMP to the Project Managers.

Although there is one PMMP for the City, Project Managers (with the approval of the Project Sponsor) determine the most suitable project management methodology for their respective project. Within the PMMP, Schedule C outlines documents that have to be prepared and submitted for major projects. Some of these documents may be developed differently depending on the methodology that is selected. The PMMP does not provide guidelines/standard processes to assist future Project Managers in adopting various methodologies for all rated projects or how to perform an impact assessment if an approach is used which may not be aligned to the City's commonly accepted project management methodologies.

The Project Sponsor is responsible for approving any suggested change to the scope of the project. Regular management/Committee meetings are held and project status reports are submitted on timely basis.

Risk assessment

Categorization processes at a project level occurs at the initiation of a project and is performed by the assigned Project Manager. This process considers various quantitative elements including but not limited to scope, timeline, and budget. In addition, qualitative elements such as visibility and risk level are also considered in some detail. We noted that the guidelines for project categorization and rating of project should be expanded. For example, explicit requirements for identifying and assessing qualitative factors such as benefits realization, resource and capacity impacts, and organizational change management as part of the categorization analysis process should be incorporated.

Projects categorized as major are required to prepare a project charter and perform a risk assessment using the standard risk assessment tool. The risk assessment includes key risks and concerns, which are prioritized based on impact to the project, probability, an assigned owner, and a mitigating strategy. Detailed risk analysis and mitigation strategies are presented to the Council in the Council Report.

The project charter highlights the project deliverables and corresponding objectives along with the roles and responsibilities and reporting hierarchy of the people involved. In addition, the proposed budget and schedule with milestones and expected timelines are documented.

On the corporate project management website, various tools and templates such as project charter, status update summary, issue tracker, closure summary, change request form, etc. are available to facilitate Project Managers specifically for projects categorized as medium and small. Preparing a project charter is voluntary for projects that are small or medium therefore the risk assessment is also voluntary. Risk assessments can help direct management to make decisions on how the project is performing against schedule, scope and budget including capacity and resource requirements and help inform central functions of specific project demands/needs.

Control activities

Management discussed that training was delivered to key internal and external stakeholders on the transition and what to expect by using various training methods such as one on one training, group training and training via WebEx.

Transition planning and execution elements are not formally addressed in a standard format (i.e. Council Reports, ad-hoc management meetings). Management should introduce a process to develop an end-to-end project implementation plan/control document to support the Project Managers and the overall project team. The project implementation plan can be prepared based on recommendation (using some or all of the recommended components) provided in the recommendation for Finding #3.

Information and communication

The City of Windsor has a dedicated communications department who provide support for various communication related matters, including but not limited to, preparing material for media/press releases etc. The Project Manager should involve the communications department in the project communication planning.



There are various methods of communication and feedback gathering techniques with stakeholders (internal and external) including: focused group discussions, feedback stations, and drop in sessions, management meetings, regular meetings with Executive and Steering Committee members. Though there are projects, which initiate and use their own methods to gather internal and external feedback, it is recommended that a document should be developed that illustrates common and various methods of obtaining feedback as well as guidelines on measuring success. Further, a needs assessment and methods of obtaining feedback should be identified during the planning phase.





Monitoring

Monitoring is a crucial element to determine whether the project is running smoothly and will be completed on time and within budget. The status update reports are submitted on a timely basis and regular Executive Committee and Management meetings are held to discuss concerns/issues raised during the project.

The Corporate Initiative Division is responsible for providing guidance and training to Project Managers on the PMMP and its implementation. The corporate project management website includes corporate/centralized project management tool to monitor some elements of projects during their life cycle. Management should establish a common function/system to monitor key project or transition risk indicators during the project. Templates to capture lessons learned, or a central body to review the closure summary/lessons learned and periodically update the repository should be established.

Based on the controls identified and assessed for design as part of the internal audit of the MTPO handling processes, we have determined that there is reasonable evidence to indicate that:

	No or limited scope improvement	No major concerns noted	Cause for concern	Cause for considerable concern
For the objectives related to 1. Methodology/Governance				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				

	No or limited scope improvement	No major concerns noted	Cause for concern	Cause for considerable concern
For the objectives related to 2. Affecting Transition				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to 3. Managing and Monitoring Transition				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				

Management has provided comprehensive action plans, which we believe will address the deficiencies noted.

Summary of positive themes

Based on the fieldwork conducted by Internal Audit, the following positive themes were noted:

Methodology/governance

- A defined PMMP exists to provide general guidelines on how to approach subjects such as project identification, project categorization and project rating classification (substantially using quantitative factors), etc.
- Per PMMP, the Project Sponsor is an Executive Committee or Corporate Leadership Team (CLT) member who assigns the project to the Project Manager.
- Additional guidance is available through supplemental schedules attached to the PMMP; for example:
 - Schedule A “Project Determination Protocol” is completed by Project Managers to determine whether the task should be classified as an “Operational activity” or as a “Project”.
 - Schedule B “Project Assessment Worksheet” is completed by Project Managers through which various characteristics of the projects are assessed to determine the overall classification of the project.
- The Project Assessment Worksheet is further reviewed and approved by the Project Sponsors and uploaded to the Project Management Website.
- Regular Management/Committee meetings are held and status reports are submitted regularly for discussion.

Affecting transition

- There are various methods of communication with internal and external stakeholders (i.e. the project team and those affected by the transition) which are used to solicit feedback such as:
 - focused group discussions;
 - management meetings;
 - a set cadence of meetings with executive and steering committee members;
 - feedback stations; and
 - drop-in sessions.

Each of the four sampled projects used some of the above-mentioned methods to communicate with their respective stakeholders.

- Training material was developed for the sampled projects. Management informed us that training on the transition and what to expect was provided to identified internal and external stakeholders.

Managing and monitoring transition

- Tools are used, in some instances, to track progress in user adoption rates post-implementation, such as a Google analytics tool and load and stress tests.

Summary of findings

Finding #	Topic	Rating ¹			Management Action Plan
		Significant	Moderate	Low	
Methodology/Governance					
1	Enhance project classification and expectation guidelines (<i>Design effectiveness</i>)		X		The EIC will conduct a cost-benefit analysis on adding additional criteria to the Project Assessment Worksheet, will provide third party advice to project managers on categorization, when requested, and review project classifications as they are submitted to the Corporate Project Management Site. The EIC will also add the process for re-assessing projects that change significantly to the PMMP, and will add guidelines for adopting various project management methodologies and guidelines for varying from minimum expectations to the PMMP.
Affecting Transition					
2	Enhance considerations for project risk assessments (<i>Design effectiveness</i>)		X		The EIC will conduct a cost-benefit analysis on requiring risk assessments for medium projects, the Corporation will assume the risk of not requiring risk assessments for small projects, and the EIC will include the requirement for risk assessments to be monitored and updated in Schedule C of the PMMP.
3	Formalize detailed project implementation plan which includes change management/transition plans (<i>Design effectiveness</i>)	X			The EIC will develop a project implementation plan template, will add the project implementation plan as a required deliverable for major projects, will conduct a cost-benefit analysis on requiring some elements of the project implementation plan for medium projects, and the Corporation will assume the risk of not requiring project implementation plans for small projects.
Managing and Monitoring Transition					
4	Enhance approach to pre/post go-live feedback collection and aggregation (<i>Design Effectiveness</i>)		X		The EIC will develop a document (or webpage section) that outlines common and various methods of soliciting pre and post go-live feedback including the guidelines for implementing, measuring and monitoring expectations and success. Further, EIC will develop a process for determining whether formal feedback solicitation is required for a project, considering the cost-benefit proposition for different types of projects, and will revise the definition of 'project close' during the next PMMP review.
Please also refer to Consideration for Improvement #1.					
Total		1	3	0	

¹ See Appendix A for Basis of Finding Rating and Report Classification

Summary of significant findings

Internal audit identified one significant findings related to the design effectiveness of controls, specifically:

- 1) Formalize detailed change management and transition plans: Management should require that a project implementation plan/control document is a formal deliverable (the detail that is included in the deliverable can be modified based on the categorization of the project). A project implementation plan helps successfully move a project plan into action, and identifies goals and objectives (both short- and long-term), lists the project tasks, defines roles and responsibilities, outlines the budget and necessary resources, and lists any assumptions.

Management comments

Management appreciates the findings and recommendations of best practices within this report as a way for the City to pursue continuous improvement. Many of the positive themes noted are the result of administration's efforts in advancing project management practices to ensure the delivery of projects on time and within budget. The recent successes of large City projects, such as the construction of Fire Hall 6 & Emergency Operations Centre, the East Windsor Community Pool and the New City Hall, provide evidence of the City's progress, as these projects were all completed on or ahead of schedule and within or under budget.

When considering the findings contained in this report it is important to note the City of Windsor is a large corporation that undertakes a considerable number of projects, varying greatly in type and size. The current Project Management Methodology Policy was designed to ensure the successful delivery of projects through proper governance, without unnecessarily burdening project managers or capturing operational initiatives. In areas of administration where project management is most prominent and major projects are assigned, such as Corporate Projects (which is responsible for large building and non-building projects) and Information Technology, project management practices are appropriately enhanced.

Management continues to look for ways to improve the way the City delivers projects. The following Management Action Plans will be implemented through updates to the Project Management Methodology Policy while ensuring changes do not impede the delivery of projects based on size, type and complexity.

Name: Onorio Colucci

Title: Chief Administrative Officer

Date: August 28, 2018

Detailed observations

1. Enhance project classification and expectation guidelines - (Design effectiveness)		Overall Rating: Moderate
Impact:	Medium	Likelihood: Likely
<p>Observation:</p> <p>In a review of the policies, procedures, templates and samples projects, we noted (a) that project classification requires significant interpretation; and (b) that project management methodologies allow for alternatives but do not include minimum expectations.</p> <p>a) Project classifications: The determination of project categorization (small, medium, or major) is dependent on the interpretation of the individual filling out form though it is ultimately reviewed and signed off by the Project Sponsor. The categorization has a direct link on the required level of detail and documentation that a Project Manager has to complete. If the Project Manager does not categorize a project accordingly, there may be information that is not captured that may be required or that impacts the project. The PMMP applies to all City of Windsor projects. The policy (including supporting Schedule A “Project Determination Protocol” and Schedule B “Project Assessment Worksheet documentation”) focuses primarily on quantitative elements for project categorization.</p> <p>b) Project Management Methodologies: Internal audit observed that the PMMP is not a “one fit for all” document and, as suggested by management, it is ultimately up to the Project Managers to determine the best methodology to use for each project. Schedule C within the PMMP outlines documents that have to be completed for major projects. Some of these documents may be developed differently depending on the methodology that is selected. What is not outlined by the PMMP is a standard process or set of guidelines to assist future Project Managers in adopting various methodologies for all rated projects or how to perform an impact assessment if an approach is used that may not be aligned to the City’s commonly accepted project management methodologies. The current policy does not include guidance on the following:</p> <ul style="list-style-type: none"> i) What is required to implement a project using an iterative approach for project delivery such as Agile or Rational Unified Process (RUP); and ii) Section 3.2 of the PMMP states that “if an external stakeholder has their own management methodology or project requirements, a review will need to be done by the Project Manager to determine whose methodology or requirements apply.” The PMMP does not have any additional details on the approach, processes, or tools to support with the determination of any major deviations and gaps that exist between the required PMMP and an external party’s methodology and the required evidence of this analysis and remediation. 		
<p>Implication(s):</p> <ul style="list-style-type: none"> • Projects may be categorized based on the interpretation of the person completing the Schedule B “Project Assessment Worksheet” and important elements for project categorization may be overlooked. Similar projects may be categorized and controlled differently. • Project Managers may adopt different methodologies, such as an iterative agile approach, without having a sufficient understanding of the impact of adopting the new methodology. • Minimum control requirements may not be obtained and result in budget overruns, time delays, scope impairment or project failure. 		
<p>Possible root cause:</p> <p>The PMMP was developed with scalability and flexibility in mind and relies on interpretation and experience of Project Managers assigned to manage the change effectively.</p>		

Recommendation(s):

The City’s approach and guiding principles/requirements to managing projects should be enhanced such that the following components are included to guide the effective operation of controls:

1. In addition to the current elements which support project categorization management should:
 - o document additional criteria such as benefits realization (expected business outcomes), resource and capacity impacts (expected capacity throughout the lifecycle of the project), and organizational change management (external impacts beyond “visibility” as well as internal impacts) as part of the categorization analysis process;
 - o perform a second review and approval by an independent party who is not directly involved in the project for Schedule B “Project Assessment Worksheet”; and
 - o perform a reassessment for project categorization (once a project is initiated and running) to assess medium projects that cross the threshold into major are addressed in a timely manner.
2. For projects using various methodologies management should:
 - o document standard processes/guidelines to assist project managers on how to adopt various methodologies for all rated projects. This can either be a part of, an extension to, or in an appendix in the PMMP; and
 - o identify what the minimum expectations are independent of the approach selected and perform a gap analysis to understand the variances when different methodologies are being followed.

Management Action Plan

<p>Action Plan:</p> <p>Management agrees that the project categorization process and expectation guidelines would benefit from enhancement.</p>	<p>Responsible Party:</p> <p>Executive Initiatives Coordinator, Office of the CAO</p>
<ol style="list-style-type: none"> 1. The Executive Initiatives Coordinator will review the PMMP and conduct a cost-benefit analysis on adding additional criteria to the Project Assessment Worksheet. The Executive Initiatives Coordinator will provide third party advice to project managers on categorization, when requested, and review project classifications as they are submitted to the Corporate Project Management Site (CPMS), intervening only if a categorization is deemed particularly inconsistent. The City’s current process for re-assessing projects that change significantly is undocumented. The Executive Initiatives Coordinator will add this process to the PMMP. 2. The Executive Initiatives Coordinator will add guidelines for adopting various project management methodologies and guidelines for varying from minimum expectations to the PMMP. 	<p>Due Date:</p> <p>Q3 2019</p>

2. Enhance considerations for project risk assessments - (Design effectiveness)		Overall Rating: Moderate	
Impact:	Medium	Likelihood:	Likely
<p>Observation:</p> <p>The charter template (mandatory for projects classified as major) includes a formal risk assessment to capture key risks and issues which are prioritized based on impact to the project, probability, an assigned owner, and a mitigation strategy. A charter is voluntary for projects classified as small or medium; as such, the formal risk assessment is voluntary for these projects. A common process and template for risk management is therefore not shared across the projects though each project reviewed that were small or medium did complete their own version of a risk assessment. Specific project demands/needs for central functions such as Communications, IT and Human Resources are not consistently considered during project planning to understand/assess potential risks to resource capability and capacity.</p>			
<p>Implication:</p> <p>Management may not have a clear understanding of impacts to scope, schedule, budget, and resource requirements throughout the project lifecycle.</p>			
<p>Possible root cause:</p> <p>Completing a formal minimum standard risk assessment is not mandatory for small and medium sized project per PMMP.</p>			
<p>Recommendation:</p> <p>The City’s approach and guiding principles/requirements to managing projects should be enhanced such that: Project Risks Assessments are one of the inputs informing the selection of the project categorization (Small, Medium, Major).The PMMP should be updated to:</p> <ol style="list-style-type: none"> 1. have Project Managers perform an initial assessment based on the complexity of the project and determine along with the Project Sponsor if a formal risk assessment, using the risk matrix template, should be completed. If it is deemed not required, than sign-off by the Project Sponsor should be documented; and 2. require that Project Managers monitor and update the identified risks throughout the project lifecycle, specifically to acknowledge when assumptions change the project classification (i.e. if there is a greater impact on scope, schedule budget, or people/process than originally estimated and more robust controls are required). <p>Risks assessments can help direct management to make decisions on how the project is performing against scope, schedule and budget including resource and capacity requirements and help inform the following central functions of specific project demands/needs:</p> <ul style="list-style-type: none"> • Communication - Process for managing communication needs; • IT - Project/Data Support - Process for managing IT support/allocation of resources; and • Central Human Resources Department - Process for conducting training needs assessments and/or developing training content. 			

Management Action Plan

<p>Action Plan:</p> <p>Though Management agrees that, in principle, formal risk assessments for all projects would be good practice, in our view, the cost of additional effort/resources would outweigh the potential benefits for smaller projects. The Executive Initiatives Coordinator will conduct a cost-benefit analysis on requiring risk assessments for medium projects, but the Corporation will assume the risk of not requiring risk assessments for small projects, as it would be assessed as low on the Corporation’s risk measurement tool and therefore is within the Corporation’s risk appetite. The Executive Initiatives Coordinator will include the requirement for risk assessments to be monitored and updated in Schedule C of the PMMP.</p>	<p>Responsible Party:</p>	<p>Executive Initiatives Coordinator, Office of the CAO</p>
	<p>Due Date:</p>	<p>Q3 2019</p>

3. Formalize detailed Project Implementation Plan which includes Change Management/Transition Plans - (design effectiveness)		Overall Rating: Significant	
Impact:	Medium	Likelihood:	Highly Likely
Observation: <p>While individual projects were not noted as having escalated issues with change management and transition, the approach was project-specific and not guided by an overarching expectation.</p> <p><i>A Project Implementation Plan/Control Document:</i> a project implementation plan to support the Project Managers in project transition (transition plan and critical path) is not a formal deliverable required for projects to account for multiple factors, including (but not limited to):</p> <ul style="list-style-type: none"> • knowledge transfer activities; • stakeholder feedback processes; • pre- and post- go live transition activities; and • site readiness pre-go live and post-go live (performing a dry run). <p>Some of the above-mentioned activities are carried out during different phases of project; however, a fulsome document covering all planning and transition aspects of the project is not prepared. Some projects have a more reactive approach to addressing concerns during transition as opposed to being proactive; i.e. scarcity of resources.</p>			
Implication: <p>Unanticipated changes to the project, results in correction or update to implementation timelines.</p>			
Possible root cause: <p>A project implementation plan/control document is not a formal deliverable.</p>			
Recommendation: <p>The City’s approach and guiding principles/requirements to managing projects should be enhanced such that a project implementation plan/control document is a formal deliverable. A project implementation plan helps successfully move a project plan into action, and identifies goals and objectives (both short- and long-term), lists the project tasks, defines roles and responsibilities, outlines the budget and necessary resources, and lists any relevant assumptions. Based on the nature and complexity of the project (small, medium, major) the implementation plans requirements should be tailored accordingly (using some or all of the following components) at the onset of a project i.e. one for small projects, one for medium projects, and one for major projects:</p> <ul style="list-style-type: none"> • <i>Purpose:</i> describes the purpose of the plan and identifies the system to be implemented; • <i>Description of implementation:</i> provides a description of the planned deployment, installation, and implementation approach; • <i>Points of contact:</i> identifies the System Proponent, the name of the responsible organization(s), titles, and telephone numbers of the staff who serve as points of contact for the system implementation; • <i>Major Tasks:</i> provides descriptions of the major system implementation tasks; • <i>Implementation schedule:</i> provides a schedule of activities to be accomplished; • <i>Security & privacy:</i> includes an overview of the system security and requirements that must be followed during implementation; 			

- *Implementation support*: describes the support hardware, software, facilities, communications resourcing and materials required for the implementation, as well as the documentation, necessary personnel and training requirements;
- *Outstanding issues*: states any known issues or problems relevant to implementation planning. This section answers the question, “Are there any specific issues, restrictions, or limitations that must be considered as a part of the deployment?”;
- *Implementation impact*: describes how the implementation is expected to impact the stakeholders and environment;
- *Performance monitoring*: plan describes the performance monitoring tool, techniques and how it will be used to help determine if the implementation is successful;
- *Risks and contingencies*: identifies the risks and specific actions to be taken in the event the implementation fails or needs to be altered at any point and includes the factors to be used for making the decision; and
- *Implementation verification and validation*: describes the process for ensuring that the implementation was not poorly executed. It describes how any noted discrepancies will be rectified.

The implementation plan should be reviewed, updated, and signed-off at various stages of the lifecycle, as more becomes known about the project.

Management Action Plan

<p>Action Plan:</p> <p>Management agrees that project implementation plans would be a beneficial resource for complex projects, but in our view, the cost of additional effort/resources would outweigh the potential benefits for less complex projects. The Executive Initiatives Coordinator will develop a project implementation plan template, will add the project implementation plan as a required deliverable for major projects and will conduct a cost-benefit analysis on requiring some elements of the project implementation plan for medium projects. The Corporation will assume the risk of not requiring project implementation plans for small projects, as it would be assessed as low on the Corporation’s risk measurement tool and therefore is within the Corporation’s risk appetite.</p>	<p>Responsible Party:</p> <p>Executive Initiatives Coordinator, Office of the CAO</p>
	<p>Due Date:</p> <p>Q3 2019</p>

4. Enhance approach to pre/post go-live feedback collection and aggregation <i>(Design Effectiveness)</i>		Overall Rating: Moderate	
Impact:	Medium	Likelihood:	Likely
Observation: Pre- and post- go-live feedback from impacted stakeholder groups is obtained but it is acquired in a project-specific manner and is not mandated at an overall project governance level nor aggregated. Each project reviewed requires a different method to gather feedback but there is no supporting documentation available to outline various methods that can be used and the steps associated to make it a successful mechanism to gather valuable insight about internal and external stakeholder satisfaction. We noted that a requirement of projects to solicit pre- and post- go-live feedback from internal/external stakeholders prior to official project ‘closure’ is not in place. In addition, the project closure timelines/expectations are not clearly defined. Refer to Consideration for Improvement #1.			
Implication(s): <ul style="list-style-type: none"> • The absence of a material to support Project Managers in gathering and documenting feedback for project stakeholders might not provide a clear picture of project success or failure in terms of stakeholders acceptance or rejection; and • There is a risk that feedback is not being solicited when the change is adopted but rather it is happening when the project is classified as closed by the project. 			
Possible root cause(s): <ul style="list-style-type: none"> • Documentation of stakeholder feedback is not a formal deliverable; • Monitoring expectations are not formally provided in form of policies or procedures/methodologies; and • The definition of project closure in the PMMP is limited and does not clearly articulate when a project is considered being in a “closed” state. 			
Recommendation: Management should develop a document (accessible to everyone) that outlines common and various methods of soliciting pre and post go-live feedback including the steps required to implement and measure success. During the planning phase of a project the required methods should be identified and it if is deemed that no feedback solicitation is required; the Project Sponsor should sign-off. Monitoring expectations should be provided in the form of guidelines and processes that aid in the understanding of how to gather evidence and report on the transition progress and stakeholder satisfaction against the expected results and overall readiness of organizational change. Management should update the PMMP to define the timelines/expectations regarding project closure.			

Management Action Plan

<p>Action Plan:</p> <p>Management agrees that the collection and consideration of stakeholder feedback a valuable tool for project managers. The Executive Initiatives Coordinator will develop a document (or webpage section) that outlines common and various methods of soliciting pre and post go-live feedback including the guidelines for implementing, measuring and monitoring expectations and success. The Executive Initiatives Coordinator will also develop a process for determining whether formal feedback solicitation is required for a project, considering the cost-benefit proposition for different types of projects.</p> <p>The Executive Initiatives Coordinator will revise the definition of ‘project close’ during the next PMMP review.</p>	<p>Responsible Party:</p>	<p>Executive Initiatives Coordinator, Office of the CAO</p>
	<p>Due Date:</p>	<p>Q3 2019</p>

Considerations for Improvement

1. Corporate Project Management Support

Observation:

A corporate/centralized project management tool is used to monitor some elements of projects during their life cycle; however, the use of the tool could be enhanced by providing resources to CID to enable the appropriate level of support for Project Managers in preparing transition plans or managing project risks. There is no common function/system established to monitor key project or transition risk indicators during the project.

Though there was previously a knowledge repository within CID for project teams to share lessons learned for projects upon closure, it was not used very often and is no longer a requirement. No templates to capture lessons learned have been established nor is there a central body to review the closure summary/lessons learned and periodically update the repository exists.

In our experience, some organizations assign central accountability to a Project Management Office to monitor common project Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs). Internal Audit observed that common key metrics (KPIs/KRIs) to monitor the success of transitional state, such as: turnover, overtime, training, feedback, backlogs, downtime/lost time, and cost overruns by project phase, etc. are not defined, shared or monitored centrally. The ability to understand and measure the success of a project without transitional state KPIs/KRIs is limited and may be ad hoc in nature.

Recommendation:

Management should perform a cost/benefit analysis to support Project Managers with additional resources (i.e. Office of CAO) for monitoring projects against plan, and supporting Project Managers in the review of available tools, templates and best practices. The current mandate, if applicable, of the CID may require adjustments if a centralized Project Manager support function is desired.

To obtain insight into a projects success rate, the City should consider developing a common set of KPIs/KRIs for projects to measure their success pre and post implementation. This can either be a part of, an extension to, or in an appendix in the PMMP. Further, centralized monitoring could enable increased consistency in how project metrics are defined and applied for reporting and continuous improvement.

Appendix A: Basis of findings rating and report classification

Findings rating matrix

Audit Findings Rating		Impact		
		Low	Medium	High
Likelihood	Highly Likely	Moderate	Significant	Significant
	Likely	Low	Moderate	Significant
	Unlikely	Low	Low	Moderate

Likelihood consideration

Rating	Description
Highly Likely	<ul style="list-style-type: none"> History of regular occurrence of the event. The event is expected to occur in most circumstances.
Likely	<ul style="list-style-type: none"> History of occasional occurrence of the event. The event could occur at some time.
Unlikely	<ul style="list-style-type: none"> History of no or seldom occurrence of the event. The event may occur only in exceptional circumstances.

Impact consideration

Rating	Basis	Description
HIGH	Dollar Value ²	Financial impact likely to exceed \$250,000 in terms of direct loss or opportunity cost.
	Judgmental Assessment	<p>Internal Control Significant control weaknesses, which would lead to financial or fraud loss.</p> <p>An issue that requires a significant amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · Failure to meet key strategic objectives/major impact on strategy and objectives. · Loss of ability to sustain ongoing operations: <ul style="list-style-type: none"> · Loss of key competitive advantage/opportunity · Loss of supply of key process inputs · A major reputational sensitivity e.g. Market share, earnings per share, credibility with stakeholders and brand name/reputation building. <p>Legal/Regulatory</p> <ul style="list-style-type: none"> · Large scale action, major breach of legislation with very significant financial or reputational consequences.
MEDIUM	Dollar Value	Financial impact likely to be between \$75,000 to \$250,000 in terms of direct loss or opportunity cost.
	Judgmental Assessment	<p>Internal Control</p> <ul style="list-style-type: none"> · Control weaknesses, which could result in potential loss resulting from inefficiencies, wastage, and cumbersome workflow procedures. <p>An issue that requires some amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · No material or moderate impact on strategy and objectives. · Disruption to normal operation with a limited effect on achievement of corporate strategy and objectives · Moderate reputational sensitivity. <p>Legal/Regulatory</p> <ul style="list-style-type: none"> · Regulatory breach with material financial consequences including fines.
LOW	Dollar Value	Financial impact likely to be less than \$75,000 in terms of direct loss or opportunity cost.
	Judgmental Assessment	<p>Internal Control</p> <ul style="list-style-type: none"> · Control weaknesses, which could result in potential insignificant loss resulting from workflow and operational inefficiencies. <p>An issue that requires no or minimal amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · Minimal impact on strategy · Disruption to normal operations with no effect on achievement of corporate strategy and objectives · Minimal reputational sensitivity. <p>Legal/Regulatory</p> <ul style="list-style-type: none"> · Regulatory breach with minimal consequences.

² Dollar value amounts are agreed with the client prior to execution of fieldwork.

Audit report classification

Report Classification	The internal audit identified one or more of the following:
Cause for considerable concern	<ul style="list-style-type: none"> • Significant control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. • An unacceptable number of controls (including a selection of both significant and minor) identified as not operating for which sufficient mitigating back-up controls could not be identified. • Material losses have occurred as a result of control environment deficiencies. • Instances of fraud or significant contravention of corporate policy detected. • No action taken on previous significant audit findings to resolve the item on a timely basis.
Cause for concern	<ul style="list-style-type: none"> • Control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. • A number of significant controls identified as not operating for which sufficient mitigating backup controls could not be identified. • Losses have occurred as a result of control environment deficiencies. • Little action taken on previous significant audit findings to resolve the item on a timely basis.
No major concerns noted	<ul style="list-style-type: none"> • Control design improvements identified, however, the risk of loss is immaterial. • Isolated or “one-off” significant controls identified as not operating for which sufficient mitigating back-up controls could not be identified. • Numerous instances of minor controls not operating for which sufficient mitigating back-up controls could not be identified. • Some previous significant audit action items have not been resolved on a timely basis.
No or limited scope for improvement	<ul style="list-style-type: none"> • No control design improvements identified. • Only minor instances of controls identified as not operating which have mitigating back-up controls, or the risk of loss is immaterial. • All previous significant audit action items have been closed.

Appendix B: Limitations and responsibilities

Limitations inherent to the Internal Auditor's work

We have undertaken the Managing transition of projects into operations internal audit, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavor to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.



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